

INVESTMENT OBJECTIVE

The Coronation Multi-Strategy Arbitrage Hedge Fund makes use of arbitrage strategies in the pursuit of attractive risk-adjusted returns, independent of general market direction. The fund is expected to have low volatility with a very low correlation to equity markets. Stock-picking is based on fundamental in-house research. Factor-based and statistical arbitrage models are used solely for screening purposes. Active use of derivatives is applied to reduce risk and implement views efficiently. The risk profile of the fund is expected to be low due to its low net equity exposure and focus on arbitrage-related strategies. The portfolio is well positioned to take advantage of low probability/high payout events and will thus generally be long volatility through the options market. The fund's target return is cash plus 5%. The objective is to achieve this return with low risk, providing attractive risk-adjusted returns through a low fund standard deviation.

INVESTMENT PARAMETERS

Net exposure is capped at 30%, of which 15% represents true directional exposure in the alpha strategy. Gross exposure is limited to 300%, allowing the fund to benefit from arbitrage-related strategies that do not require significant capital. The gross exposure is calculated by total value of longs plus total absolute value of the shorts as percentage of the market value of the fund. If derivatives are used in the portfolio, then its true effective exposure should be incorporated when calculating net and gross exposure. The Portfolio is precluded from raising any debt funding over and above that achieved in terms of the long/short process. There are mandated limits per strategy. The fund may invest in unlisted vehicles, in particular money market investment and exposure to small capitalisation shares may be achieved in this way. Investment in derivatives is permitted for efficient investment management of the fund.

FUND RETURNS NET OF FEES

	Fund	Capped SWIX*	ALBI	Cash
Since inception (cumulative)	585.2%	1219.1%	369.0%	218.0%
Since inception p.a.	11.2%	15.3%	8.9%	6.6%
Latest 10 year p.a.	8.5%	10.4%	8.3%	5.5%
Latest 5 year p.a.	8.0%	5.1%	9.6%	5.6%
Latest 1 year	23.9%	30.8%	14.8%	3.3%
Year to date	19.6%	18.6%	7.7%	2.2%
Month	2.3%	2.0%	1.7%	0.3%

PERFORMANCE & RISK STATISTICS

	Fund	Capped SWIX*	ALBI	Cash
Average Annual Return	11.0%	15.8%	8.9%	6.6%
Highest Annual Return	30.9%	72.7%	21.2%	11.3%
Lowest Annual Return	(18.5)%	(35.6)%	(5.6)%	3.3%
Annualised Standard Deviation	6.6%	15.0%	7.3%	0.5%
Downside Deviation	7.2%	10.2%	5.3%	
Maximum Drawdown	(19.9)%	(38.3)%	(9.8)%	
Sharpe Ratio	0.70	0.58	0.32	
Sortino Ratio	0.64	0.85	0.44	
% Positive Months	80.3%	65.6%	69.3%	
Correlation (Capped SWIX*)	0.34			
Correlation (ALBI)	0.25			
99% Value at Risk (P&L %)	(1.0)%			

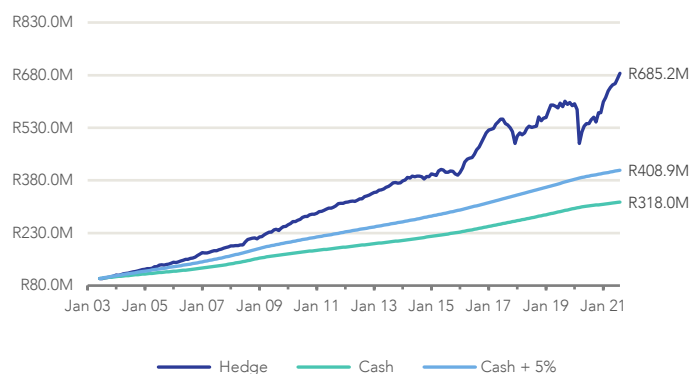
*JSE Capped Shareholder Weighted Index from 01 July 2011, with JSE Capped All Share Index applicable from inception to 30 June 2011.

GENERAL INFORMATION

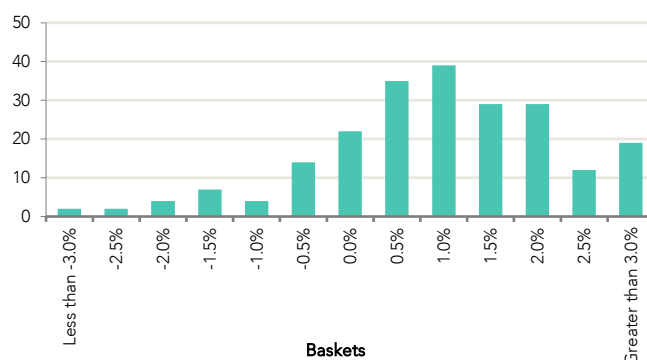
Investment Structure	Limited liability en commandite partnership
Disclosed Partner	Coronation Management Company (RF) (Pty) Ltd
Inception Date	01 July 2003
Hedge Fund CIS launch date	01 October 2017
Year End	30 September
Fund Category	South African Multi-Strategy Hedge Fund
Target Return	Cash + 5%
Performance Fee Hurdle Rate	Cash + high-water mark
Annual Management Fee	1% (excl. VAT)
Annual Outperformance Fee	15% (excl. VAT) of returns above cash, capped at 3%
Total Expense Ratio (TER)[†]	1.37%
Transaction Costs (TC)[†]	1.33%
Fund Size (R'Millions)[‡]	R323.47
Fund Status	Open
NAV (per unit)	555.44 cents
Base Currency	ZAR
Dealing Frequency	Monthly
Income Distribution	Annual (with all distributions reinvested)
Minimum Investment	R5 million
Notice Period	1 month
Investment Manager	Coronation Alternative Investment Managers (Pty) Ltd (FSP 49893)
Auditor	KPMG Inc.
Prime Broker	N/A
Custodian	Nedbank Ltd
Administrator	Sanne Fund Services SA (Pty) Ltd
Portfolio Managers	Neville Chester & Nic Stein

[†]TER and TC data is provided for the 1 year ending 31 July 2021. TER excludes manufactured dividend expenses and scrip borrowing costs, in line with the revised ASISA TER Hedge Fund Disclosure Standard. [‡]Fund Size is as at 31 August 2021.

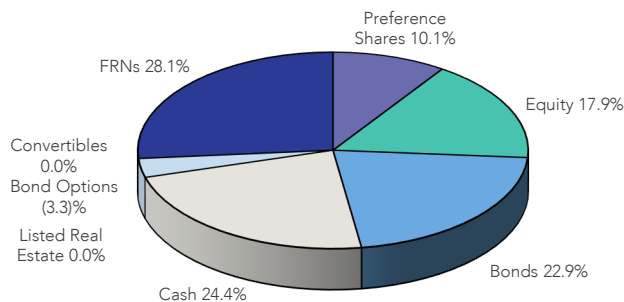
GROWTH OF R100m INVESTMENT



MONTHLY RETURN REDISTRIBUTION



ASSET ALLOCATION



EXPOSURE BY UNDERLYING STRATEGY

	Long	Short	Net	Gross
Alpha	14.8%	0.0%	14.8%	14.8%
Market Neutral	56.7%	(56.2)%	0.5%	112.9%
Merger Arbitrage	15.8%	(7.3)%	8.4%	23.1%
NAV Arbitrage	7.8%	(6.6)%	1.2%	14.4%
Residual Hedge	61.4%	(3.6)%	57.8%	65.1%
Short	0.0%	(7.1)%	(7.1)%	7.1%
Total (excl. cash)	156.5%	(80.8)%	75.6%	237.3%
Cash	24.4%	0.0%	24.4%	24.4%
Total (incl. cash)	180.8%	(80.8)%	100.0%	261.7%

INCOME DISTRIBUTIONS (cents per unit)

Declaration Date	Amount	Dividend	Interest
30-Sep-20	43.79	20.15	23.64

PORTFOLIO LIQUIDITY

	Days to Trade
Long	13.9
Short	0.1

MONTHLY COMMENTARY

The Fund had another strong month delivering a return of 2.3% for the period. All the strategies, bar the short only portfolio contributed to the returns. The market neutral and residual portfolio were the strongest contributors, but there was a big pick up in the NAV arbitrage as well, a pleasing recovery. The Fund continues to perform well on the back of the well-researched Coronation stock picking views.

REGULATORY DISCLOSURE AND DISCLAIMER

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